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ARGENTINA: The highly polarized political situation will be further aggravated by the assassination of a top Peronist labor leader yesterday. The incident will also reinforce Peron's determination to move against terrorism.

Jose Rucci, head of the powerful Peronist-controlled General Labor Confederation and long-time Peron aide, was ambushed in the capital--reportedly by elements of the extreme leftist People's Revolutionary Army (ERP). The attack may have been a response to an official decree issued shortly after Peron's election outlawing the ERP for defying the government's "repeated appeals for pacification and national unity." The ERP has been responsible for most of the kidnappings and other violence that have become commonplace in Argentina.

The Peronist labor movement has initiated a 30-hour general strike to demonstrate sympathy for Rucci--a procedure followed in the past after the assassination of other labor leaders.

The incident strikes a blow at Peron's repeated calls for national unity. The Peronist government recently named a tough former army general as the new chief of federal police, but so far the highly effective terrorists have eluded all efforts mounted against them by security forces.

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WEST GERMANY: A \$1.4-billion trade surplus in August raises the cumulative 1973 trade surplus to \$7.1 billion, roughly double the 1972 level for the same period. Seasonal factors brought a decline in exports in August to \$6.0 billion, while imports dropped more sharply to \$4.6 billion. Compared with August 1972 figures, however, last month's exports were up 71 percent in dollar terms and imports 49 percent. These increases are inflated significantly by the appreciation of the mark relative to the dollar since August 1972.

Exports probably will continue at a high level in the remaining months of this year. A recent decline in domestic demand for capital goods resulting from anti-inflation policies should allow industry to fill its large backlog of export orders. Imports should revive somewhat during the months ahead, although they probably will continue to lag far behind exports.

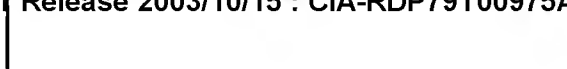
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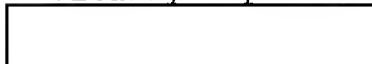
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IRAN: The workers' strike at the government-owned Abadan Refinery, now in its fourth day, may be reaching the stage of direct intervention by Iranian security authorities. Management spokesmen have implied that "outside" influence--a veiled allusion to Iraq--is behind the strike and have voiced concern that the refinery, which is located near the Iraqi border, may be sabotaged. Although there has been no violence to date, some could result if security authorities are called in.

An Iranian official claims that the strike is not likely to be extended to oil-producing fields. Nevertheless, the strike is by far the most serious to occur at Abadan in recent years. Output at the refinery, Iran's largest, is down by over half and financial losses could be substantial if the strike expands. The managing director of the National Iranian Oil Company is threatening to close down the plant if the strike is not settled by today.

Responding to strong inflationary pressures, the workers are demanding a wage hike of 20 percent, but the government apparently is unwilling to go beyond the 10-percent nationwide wage increase it granted earlier. Although the management may try to appease the workers by lowering the cost of items purchased at the company store or by giving subsidies in cash, the government may resort to force if all else fails. The Shah is anxious to prevent an expansion of the strike that would damage the nation's vitally important crude oil exports.



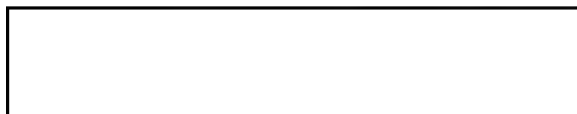
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NETHERLANDS: The government has announced a series of follow-up measures to the recent 5-percent guilder revaluation. The measures are designed to ensure that lower import costs benefit the domestic market and offset the adverse effects of revaluation on real income and employment. The government will increase refunds to farmers on value added taxes to prevent a disproportionate loss of income in the agricultural sector. Price controls are being adjusted to guarantee that the lower guilder cost of imports is passed on to Dutch consumers. To encourage private investment, firms will now be permitted to deduct 5 percent of the building costs from taxable income. Finally, to combat unemployment--currently running at a rate of 3.1 percent--the government will undertake a counter-cyclical program of public investment amounting to nearly \$300 million. The success of the government's program will depend on the extent to which idle capacity can be used without causing further upward pressures on prices.

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FOR THE RECORD*

Sudan: Pre-trial proceedings for the Black September defendants opened yesterday and quickly adjourned until 13 November. The adjournment came at the request of the defense because of the imprisonment earlier this month of some of the lawyers assigned to defend the terrorists. [REDACTED]

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Indochina: According to the North Vietnamese press, the military recruitment campaign that began last month has continued into September. This follows the seasonal pattern of previous years. [REDACTED]

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Portuguese Guinea: The government radio of the Republic of Guinea has announced that the rebel movement in Portuguese Guinea declared the independence of "Guinea-Bissau" on 24 September, and that Conakry has recognized the new "government." No other reference to the alleged proclamation has been seen, although the rebels have long promised to take this step during 1973. [REDACTED]

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**These items were prepared by CIA without consultation with the Departments of State and Defense.*

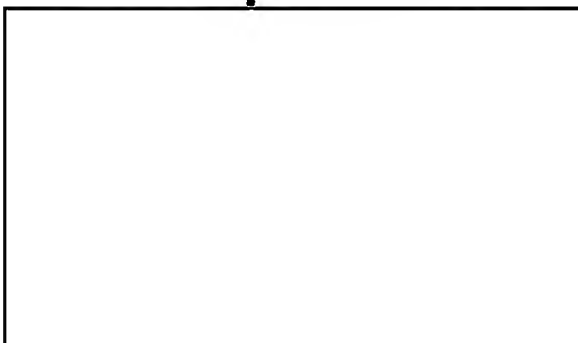
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